

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6602
BILL NUMBER: SB 1

NOTE PREPARED: Jan 22, 2026
BILL AMENDED: Jan 16, 2026

SUBJECT: Human Services Matters.

FIRST AUTHOR: Sen. Garten
FIRST SPONSOR: Rep. Barrett

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: *Rural Health Transformation Fund:* This bill establishes the Rural Health Transformation Fund (Fund) and makes allotments and expenditures from the fund subject to Budget Committee review before the allotment and expenditure may occur. Requires the Office of the Secretary of Family and Social Services (FSSA) to report biannially to the budget committee concerning the use of the money in the Fund.

Supplemental Nutrition Assistance Program (SNAP): This bill prohibits recipients of SNAP benefits from using SNAP benefits to purchase candy and soft drinks and requires FSSA to apply for a waiver or authorization to implement the prohibition if a waiver or authorization from a federal agency is required. It terminates the state's participation in the use of expanded categorical eligibility within the federal SNAP. This bill specifies gross income standards and countable resources for SNAP eligibility. This bill establishes immigration eligibility requirements for SNAP and requires the Division of Family Resources (DFR) to verify compliance with the requirements and submit information to the federal government about individuals for whom the DFR could not verify the immigration status.

Medicaid: This bill specifies the time frame for Medicaid eligibility redeterminations and specifies the time frame concerning the initial date of Medicaid assistance based on the application date. This bill requires the Office of the Secretary of Family and Social Services (FSSA) to transmit certain information to the federal government to prevent multiple state Medicaid enrollment. This bill sets forth additional countable income requirements for Medicaid.

This bill modifies immigration status requirements for Medicaid, including presumptive eligibility and the Healthy Indiana Plan (HIP), and requires FSSA to verify compliance of the requirements and report information to the federal government. This bill modifies work and exemption requirements for HIP and requires the conditions to be met in the three preceding months before an individual applies to HIP. This bill requires FSSA to verify compliance with the work requirements on an ongoing basis and at least quarterly.

This bill prohibits FSSA from expanding the medically frail exemption beyond the federal definition of the term. This bill removes the 12 month eligibility period for HIP and requires semiannual renewal. This bill also sets forth additional copayments for the use of an emergency room setting for non-emergency services

and other services under HIP.

Effective Date: Upon passage; January 1, 2026 (retroactive); July 1, 2026; October 1, 2026; January 1, 2027.

Explanation of State Expenditures: *Supplemental Nutrition Assistance Program (SNAP):* Eliminating the expanded categorical eligibility will decrease SNAP participation by an estimated 3,112 cases, decreasing the state's share of administrative costs by roughly \$300,000 in FY 2027 and \$335,000 in FY 2028.

Medicaid: The bill will narrow HIP and Medicaid eligibility which will result in an indeterminate decrease in enrollment. *[This fiscal note will be updated when LSA receives requested information from FSSA regarding which provisions in the bill are conforming to federal PL 119-21.]*

Rural Health Transformation Fund: The bill establishes the nonreverting Rural Health Transformation Fund (Fund), to be administered by FSSA. The Fund consists of federal funds received under the Rural Health Transformation Program enacted under PL 119-21. Expenses for administering the Fund shall be paid from the Fund. Money in the Fund is continuously appropriated but is not available for expenditure until allotment has been made by the State Budget Agency. Allotments and expenditures from the Fund are subject to review of the State Budget Committee. The bill also requires FSSA to submit a Fund report to the State Budget Committee before June 1 and December 1 of each year. The Fund sunsets on December 31, 2032.

Workload: The bill's requirements regarding SNAP and Medicaid will increase workload for FSSA but are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Additional Information -

Supplemental Nutrition Assistance Program (SNAP): FSSA is approved for a SNAP waiver (from the U.S. Department of Agriculture) that restricts the purchase of soft drinks and candy, effective January 1, 2026. SNAP benefits are provided solely by the federal government. The state is currently responsible for 50% of the administrative costs of the SNAP program. The state share of SNAP administrative costs will increase to 75% in FFY 2027 per federal Public Law 119-21.

The cost estimate was developed using the following information provided by DFR, which oversees the SNAP program:

- Eliminating the expanded categorical eligibility within SNAP would decrease SNAP enrollment by an estimated 181 elderly/disabled households and 2,931 non-elderly/disabled households.
- Assuming a caseload of 600 cases per caseworker, a decline of 3,112 SNAP cases will result in five fewer caseworkers at an average cost of \$87,300 per year inclusive of salary and fringe benefits.
- The number of households receiving SNAP benefits in Indiana as of September 2025 was 273,867.

Expanded (or broad-based) categorical eligibility is a federal policy that allows states to award SNAP eligibility to households that qualify for non-cash Temporary Assistance for Needy Families or a state maintenance of effort funded benefit.

Medicaid: Medicaid and the Children's Health Insurance Program (CHIP) are jointly funded between the state and federal governments. The state share of costs for most Medicaid medical services for FFY 2026 is 35%, 10% for the age 19 to 64 expansion population within the Healthy Indiana Plan (HIP), and 25% for CHIP. The state share of administrative costs is 50%. The state share of most Medicaid and CHIP

expenditures is paid from General Fund appropriations, and state dedicated funds primarily cover HIP state share costs.

Explanation of State Revenues: *Rural Health Transformation Fund:* Indiana was awarded \$207 M for year one of the Rural Health Transformation Program, which began December 31, 2025. The award will be administered by FSSA in partnership with the Indiana Department of Health and Department of Child Services.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Division of Family Resources, Family and Social Services Administration; Indiana Department of Health; Department of Child Services; State Budget Committee; State Budget Agency.

Local Agencies Affected:

Information Sources: David Smalley, FSSA; www.congress.gov/crs-product/R48552;
www.in.gov/grow-rural-health;
www.cms.gov/priorities/rural-health-transformation-rht-program/overview;
www.fns.usda.gov/snap/waivers/foodrestriction;
www.fns.usda.gov/snap/broad-based-categorical-eligibility;
www.in.gov/fssa/dfr/files/MMR-STATEWIDE-en-usSept2025.pdf.

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